

251 705



August 13, 2003

Government Relations
707 D Street, NW
Washington, DC 20004
DEPT. OF TRANSPORTATION
DOCKET # 202 737 2000
F: 202 737 2688
03 AUG 13 AM 3:34

The Honorable Norman Y. Mineta
Secretary of Transportation
400 7th Street, S.W.
Washington D.C. 20590

RE: PROPOSED AIR FREIGHT INCREASE, REF. DOCKET OST-2003-14480 — 61

Dear Secretary Mineta:

On May 29, 2003, we sent a letter to you addressing our specific concerns in reference to the International Air Transport Association (IATA)'s "Resolution 502," a request for an anti-trust exemption, which, if granted, would revise the conversion standard which would result in a significant increase in air shipping rates for "low density" packaging, the type of packaging used for many consumer electronics and high tech components.

Since that time, IATA has filed a reply to the Department of Transportation's inquiry in which it renews its request for an exemption. This response fails to address the issues enumerated below and in our previous letter. In fact, IATA has failed to demonstrate that a problem exists. All evidence available shows that there is no shortage of international air cargo capacity. Under the law, IATA has the burden of showing this need. Because IATA has put forth no evidence of need, consideration of this matter properly ends here.

Additionally, the fact still remains that the proposed increase would have dire ramifications for Gateway and many other domestic high tech corporations that would disproportionately bear the cost. IATA's proposal would add 15-20% annually to the shipping of such packages, which amounts to an annual increase of \$1.8-\$2.4 million for the average consumer-based technology company. Adding such burdensome costs to the high tech sector at this time is completely counter-productive, and would stunt any potential growth in the entire sector by forcing increased consumer prices and deeper job cuts at a time when recovery has just begun.

Furthermore, IATA has offered no economic justification for this rate hike. By getting the government to approve a rate increase within their shipping standards proposal, IATA is attempting to side-step the traditional marketplace where airlines and corporations arrive at reasonable rates through transparent competition and negotiation.

At a time of a still-flagging economy, such an increase without clear justification is not in the public interest, and we urge you to deny its passage. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Donald McClellan'.

Donald McClellan
Vice President, Government Relations